

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

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FM USLO PEKING

TO SECSTATE WASHDC 8379

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD CH US

SUBJ: US BUSINESS VISITORS TO PRC: JULY

REF: PEKING 1367

1. SUMMARY. REPS OF US COMPANIES CONTINUED TO VISIT THE PRC IN LARGE NUMBERS IN JULY. SELLERS OF EQUIPMENT AND MACHINERY DOMINATED THE GROUP AND WERE INVOLVED IN DISCUSSIONS FOR A WIDE VARIETY OF PRODUCTS. ALTHOUGH PROSPECTS FOR FUTURE SALES APPEAR GOOD, ACTUAL CONTRACTS REMAIN ELUSIVE. IMPORTERS, PARTICULARLY THOSE BUYING TEXTILES, ALSO HAVE BEEN ARRIVING IN LARGER NUMBERS AFTER A TWO-MONTH LULL IN THE WAKE OF THE CANTON FAIR. END SUMMARY.

2. UNLIKE 1976, THERE HAS BEEN NO SUMMER LULL IN THE STREAM OF US BUSINESS VISITORS TO THE PRC THIS YEAR. WE CONTINUE TO SEE REPS OF A WIDE VARIETY OF US FIRMS INTERESTED IN TRADE WITH CHINA. MOST OF THEM HAVE TOLD US THAT THEY FIND KEEN INTEREST IN US EQUIPMENT AND MACHINERY BY THE FOREIGN TRADE CORPORATIONS. WHILE ACTUAL CONTRACTS SIGNED HAVE BEEN RELATIVELY FEW IN NUMBER, MOST OF THE COMPANIES TELL US THEY ARE OPTIMISTIC ABOUT SALES PROSPECTS. THE ESTABLISHED TRADERS SAY THAT IT HAS BEEN AT LEAST TWO YEARS SINCE

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THEY HAVE SEEN SUCH A RELATIVELY GOOD ATMOSPHERE IN THE DISCUSSIONS WITH THE FTC'S AND SUCH A POSITIVE ATTITUDE TOWARD TRADE BY THE CHINESE NEGOTIATORS.

3. NEVERTHELESS, WE BELIEVE THAT IT WILL BE SOME TIME YET BEFORE WE SEE A LARGE INCREASE IN THE NUMBER OF SALES CONTRACTS SIGNED. THE CHINESE ARE DOING A LOT OF SHOPPING AROUND AND ARE ASKING MANY

DETAILED QUESTIONS, QUITE OBVIOUSLY TRYING TO BETTER ACQUAINT THESELVES WITH THE VARIETY OF AMERICAN, JAPANESE AND EUROPEAN PRODUCTS AVAILABLE, THEIR PRICES AND QUALITY. AMERICAN BUSINESS IS IN HEATED COMPETITION FROM JAPANESE AND WESTERN EUROPEAN COMPANIES WHICH ARE ALSO VISITING CHINA IN LARGE NUMBERS.

4. THE FOLLOWING COMPANIES ARE ONES WE KNOW HAVE VISITED CHINA DURING THE MONTH OF JULY.

5. CRC. REPRESENTED BY JIMMY CHEN OF WJS, CRS SIGNED A CONTRACT FOR \$500,000 OF PIPEBENDING EQUIPMENT. CHINESE NEGOTIATORS GAVE NO HINT AS TO WHERE THE EQUIPMENT WILL BE USED. PRELIMINARY NEGOTIATIONS ON A \$6 MILLION CONTRACT FOR PIPE WELDING EQUIPMENT WERE BEGUN LATE IN JULY AND DURING THE LATTER PART OF AUGUST A VICE PEESIDENT OF THE COMPANY WILL RETURN TO CONCLUDE THE CONTRACT.

6. EAST ASIATIC COMPANY. ERIC CHRISTENSEN OF EAST ASIATIC, REPRESENTING AN AMERICAN COMPANY, SOLD TWO MILLION POP-TOP ALUMINUM CAN LIDS. CHRISTENSEN BELIEVES THAT THE ORDER IS A DIRECT RESULT OF THE NATIONAL COUNCIL FOR US-CHINA TRADE PACKAGING DELEGATION VISIT. HE BELIEVES THAT THE PRC WILL BUY MORE LIDS AND IS INTERESTED IN PURCHASING THE TECHNOLOGY FOR THEIR MANUFACTURE. REPRESENTING ANOTHER AMERICAN COMPANY, CHRISTENSEN CONCLUDED A CONTRACT FOR A \$400,000 PEANUT BUTTER FACTORY TO BE LOCATED IN TSINGTAO. DELIVERY OF THE EQUIPMENT IS SCHEDULED FOR MID-1978.
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EAST ASIATIC HAS AGREED TO PURCHASE PART OF THE OUTPUT IF OTHER BUYERS CANNOT BE FOUND.

7. INTERNATIONAL HARVESTER. TOM LEEDS AND JACK SCALLEY CONCLUDED A SPARE PARTS CONTRACT WORTH \$200,000 IN CONJUNCTION WITH THE SALE EARLIER THIS YEAR OF OIL RIG MOVING EQUIPMENT. INTERNATIONAL HARVESTER HAS SOLD THREE FLEETS OF EIGHT TRUCKS EACH. ONE FLEET IS TO BE USED AT TACHING, ANOTHER AT TAKANG, AND THE THIRD AT AN UNIDENTIFIED LOCATION. DELIVERIES WILL BEGIN EARLY IN 1978 AND FIVE US TECHNICIANS WILL PROVIDE 45 DAYS OF TRAINING. THE C COMPANY HAS BEEN REPRESENTED BY S.J. WANG, INTERNATIONAL CORPORATION OF AMERICA.

8. HARNISCHFEGER. WILLIAM CHERONNES, WHO ACCOMPANIED THE NCUSCT MINING DELEGATION TO THE PRC, HELD SEPARATE DISCUSSIONS WITH THE MACHINERY CORPORATION FOR THE SALE OF NINE TRUCK CRANES, TWO PILEDRIVERS, AND ONE TRENCH HOE. HE SIGNED THE CONTRACT, WORTH \$1.5 MILLION, SHORTLY BEFORE HIS DEPARTURE FREOM PEKING. THE EQUIPMENT WILL BE SUPPLIED BY KOBE STEEL, LICENSEES OF HARNISCHFEGER.

9. HARNISCHFEGER IS ALSO INTERSTED IN SELLING 20 - 25 CUBIC

YARD EXCAVATING SHOVELS TO THE PRC. PRCLO HAS VISITED THE COMPANY'S FACTORY IN THE US AND HAS SAID THAT CHINA IS INTERESTED IN ACQUIRING THE TECHNOLOGY FOR THE PRODUCTION OF SUCH LARGE SHOVELS. CHERONNES RECEIVED SIMILAR ENCOURAGING INDICATIONS FROM THE MACHINERY CORPORATION IN PEKING.

10. INGERSOLL-RAND. THOMAS A. HOLMES, PRESIDENT, AND T.H. BLACK, VICE PRESIDENT OF INGERSOLL-RAND, HEADED A COMPANY DELEGATION THAT ARRIVED IN PEKING AT THE END OF JULY FOR THE FORMAL SIGNING OF THE COMPANY'S \$3 MILLION CONTRACT FOR A POWER RECOVERY SYSTEM TO BE INSTALLED AT THE SHANGHAI PETROCHEMICAL PLANT (PEKING 1367). (THE CONTRACT WAS SIGNED AUGUST 1.) DICK FUNG OF THE HONG KONG OFFICE HAS REMAINED IN PEKING TO PRESENT ADDITIONAL PROPOSALS FOR PETROCHEMICAL PLANT EQUIPMENT.
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11. CATERPILLAR. A SMALL GROUP OF COMPANY TECHNICAL PERSONNEL ARRIVED AT THE END OF JULY TO PRESENT PROPOSALS FOR A WIDE VARIETY OF DIESEL ENGINES. JAMES HAN, WHO ACCOMPANIED THE NCUSCT MINING DELEGATION, ALSO HELD DISCUSSIONS WITH THE MACHINERY CORPORATION ON THE SALE OF CATERPILLAR ENGINES.

12. ALTMAN INCORPORATED. DON ALTMAN GAVE US A RUNDOWN ON RECENT BUSINESS TRANSACTIONS WITH THE PRC AS FOLLOWS: (A) HE HAS SOLD A LARGE PRESS TO BE USED IN CONJUNCTION WITH THE MANUFACTURING OF TURBINE BLADES WHICH THE PRC SAID WOULD BE USED FOR THE ROLLS ROYCE SPEY ENGINES. (B) JUST RECENTLY HE HAS SHIPPED SEVERAL THOUSAND BREEDING CHECKENS; HE EXPECTS TO SELL SEVERAL THOUSAND MORE, AND HOPES TO CONCLUDE EVENTUALLY A CONTRACT FOR AUS-STYLE POULTRY FARM. (C) PRESENTING GULF AND WESTERN, HE PLANS TO

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INTRODUCE A VARIETY OF PETROLEUM INDUSTRY EQUIPMENT. (C) IN NOVEMBER 1976, ACCOMPANYING A DELEGATION FROM HYDRANAUTICS, HE PRESENTED IN CANTON A SEMINAR ON SHIPBUILDING TECHNIQUES, IN PARTICULAR A NEW SYSTEM OF USING HYDRAULIC LIFTING RATHER THAN OVERHEAD CRANES, WHICH SAVES 30 PERCENT OF CONTRUCTION COSTS. (E) PROPOSALS FOR TRUCKS TO TRANSPORT CONTAINERS WITHIN THE PORT AREA MET WITH GREAT INTEREST FROM THE CHINESE AND HE PLANS TO FOLLOW UP WITH DETAILED TECHNICAL LITERATURE. (F) ON THE IMPORT SIDE, ALTMAN HAS BOUGHT ANOTHER LARGE SUPPLY OF CHINESE CARPETS. HE HAD PLANNED TO BUY ON THIS TRIP ANTIQUE FURNITURE AND ART OBJECTS ON BEHALF OF A US COMPANY BUT WAS DISAPPOINTED IN THE QUALITY AND THE HIGH PRICES. HE MADE NO PURCHASES.

13. STEWART AND STEVENSON. A COMPANY DELEGATION FROM S&S ARRIVED ON JULY 26 FOR DISCUSSIONS WITH THE FOREIGN TRADE CORPORATIONS. WE DO NOT KNOW YET WHAT TOPICS THEY WILL BE DISCUSSING. THE COMPANY HAS PREVIOUSLY SOLD OIL WELL FRACTURING EQUIPMENT AND OTHER OIL FIELD EQUIPMENT.

14. KENDALL-POLYKEN. MURRAY WILKINSON, GENERAL MARKETING MANAGER, BOSTON, PRESENTED A TECHNICAL SEMINAR ON THE COMPANY'S PIPELINE COATING, COVERING AND WEATHERPROOFING MATERIALS. WILKINSON
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BELIEVES THE CHINESE ARE INTERESTED IN PURCHASING SOME OF HIS COMPANY'S PRODUCTS AND HOPES TO RETURN SHORTLY. HE WAS ACCOMPANIED BY KEN MORSE OF CHASE PACIFIC TRADING COMPANY.

15. IBM. A COMPANY DELEGATION HAS BEEN IN PEKING FOR SOME TIME HOLDING DISCUSSIONS WITH THE FOREIGN TRADE CORPORATIONS FOR A COMPUTER TO BE USED IN CONJUNCTION WITH THE SALE BY NUOVO PIGNONE OF COMPRESSOR TECHNOLOGY (STATE 182817).

16. NATIONAL COUNCIL OF FARMERS COOPERATIVES DELEGATION. A FIVE-MEMBER DELEGATION, LED BY GLEN HOFER, VICE PRESIDENT, VISITED PEKING TO INVESTIGATE THE POSSIBILITY OF SELLING US WHEAT TO CHINA. THEY BELIEVE THAT THE PRC IS INTERESTED IN THE PURCHASE OF US GRAIN, BUT DETAILED ARRANGEMENTS FOR INSPECTION PROCEDURES REMAIN TO BE WORKED OUT (PEKING 1569).

17. UNION OIL. REPRESENTED BY PAUL SPELTZ OF WJS, A UNION OIL COMPANY DELEGATION IS NEGOTIATING A \$2 MILLION SALE OF UREA. THE

CHINESE HAVE INDICATED THEY WANT DELIVERY AS SOON AS POSSIBLE.

18. WJS. JIMMY CHEN SIGNED A CONTRACT ON BEHALF OF AN AMERICAN COMPANY FOR A \$53,000 CARDIOVASCULAR SCANNING MACHINE.

19. BAKER TRADING. STAN MILLS ARRIVED AT THE END OF THE MONTH TO BEGIN NEGOTIATIONS ON THE SALE OF OIL FIELD EQUIPMENT. HE EXPECTS TO BE IN TOWN FOR SIX TO EIGHT WEEKS.

20. J.C. PENNEY. ALAN HALE OF THE HONG KONG OFFICE CONCLUDED ADDITIONAL CONTRACTS FOR THE PURCHASE OF PIECE GOODS AND GARMENTS. THIS BRINGS TO OVER \$3 MILLION IN J.C. PENNEY PURCHASES IN 1977 AND HALE EXPECTS THAT TOTAL PURCHASES FOR THE YEAR WILL REACH MORE THAN \$5 MILLION (IN COMPARISON WITH APPROXIMATELY \$3.5 MILLION IN 1976). PENNEY'S PURCHASES HAVE BEEN PRIMARILY LIMITED OFFICIAL USE

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CASHMERE SWATERS, ACRYLIC SWEATERS, AND A VARIETY OF PIECE GOODS. HALE HAS FOUND THAT PRICES HAVE BEEN GENERALLY REASONABLE, ALTHOUGH IN SOME OF HIS MOST RECENT CONTRACTS THE CHINESE HAVE INSISTED ON A SIX PERCENT INCREASE IN PRICE.

21. A.A. BLUM, LTD. ALEX BLUM HAS PURCHASED \$500,000 OF SILK TEXTILES. HE HAD BEEN DISAPPOINTED BY SHORT SUPPLIES OF SOME ITEMS AT THE SPRING CANTON FAIR, BUT ON THIS MOST RECENT VISIT HE HAS FOUND THAT SUPPLIES HAVE GREATLY INCREASED.

22. HESS'S, ALLENTOWN, PENNSYLVANIA. PHILIP BERMAN BOUGHT \$25,000 FROM THE ARTS AND CRAFTS DIVISION OF THE LIGHT INDUSTRY CORPORATION. HE PLANNED TO PURCHASE ADDITIONAL QUANTITIES FROM THE SHANGHAI BRANCH OF THE CORPORATION.

23. MERRY MARY FABRICS, INC., LOS ANGELES. STEPHEN MEADOW, PRESIDENT, WHO HAD BEEN DISAPPOINTED WITH QUALITY AND DELIVERY SCHEDULES IN PREVIOUS PURCHASES FROM THE PRC, RETURNED AGAIN IN JULY AT THE URGING OF THE TEXTILE CORPORATION. HE HAD BEEN TOLD THAT THEY WOULD MAKE A BETTER ATTEMPT TO SUPPLY HIS NEEDS.

24. JAMES J. DONOVAN, ATTORNEY. MR. DONOVAN OF THE LAW FIRM OF DONOVAN, DONOVAN, MALOOF AND WALSH VISITED PEKING FOR DISCUSSIONS WITH THE PEOPLE'S INSURANCE CO. HE HAD REPRESENTED THE COMPANY IN A LAW SUIT ARISING FROM THE SINKING OF A PANAMANIAN VESSEL OFF THE COAST OF MEXICO. ON HIS ARRIVAL HERE HE WAS INFORMED THAT HIS FIRM HAD BEEN DESIGNATED THE US REPRESENTATIVE OF THE PRC'S PEOPLE'S INSURANCE COMPANY (SEE THOMAS/DONOVAN MEMCON, JULY 26, 1977).

25. PAN AMERICAN WORLD AIRWAYS. A COMPANY DELEGATION LED BY BOARD CHAIRMAN GLENN SEAWELL VISITED PEKING JULY 14-18 FOR DISCUSSIONS WITH CHINA INTERNATIONAL TRAVEL SERVICE AND CAAC

(PEKING 1458).

26. NCUSCT MINING DELEGATION. A MINING DELEGATION SPONSORED BY
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THE NATIONAL COUNCIL PRESENTED A WIDE AVRIETY OF TECHNICAL
SEMINARS AND LECTURES TO THE MACHINERY CORPORATION AND TO
REPS OF END-USER ORGANIZATIONS (PEKING 1568).

27. NATIONAL MACHINE TOODL BUILDERS ASSOCIATION. A TEN-MEMBER
DELEGATION FROM NMTBA SPENT TEN DAYS IN PEKING, TALIEH AND
SHENYANG HOLDING TECHNICAL DISCUSSIONS ON A WIDE RANGE OF MACHINE
TOOL PRODUCTION AND APPLICATIONS. THE GROUP WAS PLEASED WITH THE
CHINESE ARRANGEMENTS FOR THE VISIT AND FELT THAT THE MACHINERY
CORPORATION WOULD SHORTLY BE PLACING ADDITIONAL ORDERS FOR US
MACHINE TOOLS. THE DELEGATION WAS HERE UNDER THE DEPARTMENT
OF COMMERCE IOGA PROGRAM.

28. THIS MESSAGE CONTAINS SENSITIVE COMMERCIAL INFORMATION WHICH
SHOULD NOT BE DISCUSSED OUTSIDE THE US GOVERNMENT.
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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, TRADE VISITS
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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